

LEGISLATURE OF NEBRASKA
NINETY-NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 324

Introduced by Raikes, 25

Read first time January 11, 2005

Committee: Revenue

A BILL

- 1 FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-202, Reissue Revised Statutes of Nebraska; to define
- 3 public purpose for property tax exemption purposes; and
- 4 to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-202, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 77-202. (1) The following property shall be exempt from
4 property taxes:

5 (a) Property of the state and its governmental
6 subdivisions to the extent used or being developed for use by the
7 state or governmental subdivision for a public purpose. For
8 purposes of this subdivision, public purpose means use of the
9 property (i) to provide public services with or without cost to the
10 recipient, including the general operation of government, public
11 education, public safety, transportation, public works, civil and
12 criminal justice, public health and welfare, developments by a
13 public housing authority, parks, culture, recreation, community
14 development, and cemetery purposes, or (ii) to carry out the duties
15 and responsibilities conferred by law with or without
16 consideration. Public purpose does not include leasing of property
17 to a private party unless the lease of the property is at fair
18 market value for a public purpose. Public purpose does not include
19 leasing of property for thirty days or more for the commercial
20 benefit of the lessee. Leases of property by a public housing
21 authority to low-income individuals as a place of residence are for
22 the authority's public purpose;

23 (b) Unleased property of the state or its governmental
24 subdivisions which is not being used or developed for use for a
25 public purpose but upon which a payment in lieu of taxes is paid
26 for public safety, rescue, and emergency services and road or
27 street construction or maintenance services to all governmental
28 units providing such services to the property. Except as provided

1 in Article VIII, section 11, of the Constitution of Nebraska, the
2 payment in lieu of taxes shall be based on the proportionate share
3 of the cost of providing public safety, rescue, or emergency
4 services and road or street construction or maintenance services
5 unless a general policy is adopted by the governing body of the
6 governmental subdivision providing such services which provides for
7 a different method of determining the amount of the payment in lieu
8 of taxes. The governing body may adopt a general policy by
9 ordinance or resolution for determining the amount of payment in
10 lieu of taxes by majority vote after a hearing on the ordinance or
11 resolution. Such ordinance or resolution shall nevertheless result
12 in an equitable contribution for the cost of providing such
13 services to the exempt property;

14 (c) Property owned by and used exclusively for
15 agricultural and horticultural societies;

16 (d) Property owned by educational, religious, charitable,
17 or cemetery organizations, or any organization for the exclusive
18 benefit of any such educational, religious, charitable, or cemetery
19 organization, and used exclusively for educational, religious,
20 charitable, or cemetery purposes, when such property is not (i)
21 owned or used for financial gain or profit to either the owner or
22 user, (ii) used for the sale of alcoholic liquors for more than
23 twenty hours per week, or (iii) owned or used by an organization
24 which discriminates in membership or employment based on race,
25 color, or national origin. For purposes of this subdivision,
26 educational organization means (A) an institution operated
27 exclusively for the purpose of offering regular courses with
28 systematic instruction in academic, vocational, or technical

1 subjects or assisting students through services relating to the
2 origination, processing, or guarantying of federally reinsured
3 student loans for higher education or (B) a museum or historical
4 society operated exclusively for the benefit and education of the
5 public. For purposes of this subdivision, charitable organization
6 means an organization operated exclusively for the purpose of the
7 mental, social, or physical benefit of the public or an indefinite
8 number of persons; and

9 (e) Household goods and personal effects not owned or
10 used for financial gain or profit to either the owner or user.

11 (2) The increased value of land by reason of shade and
12 ornamental trees planted along the highway shall not be taken into
13 account in the valuation of land.

14 (3) Tangible personal property which is not depreciable
15 tangible personal property as defined in section 77-119 shall be
16 exempt from property tax.

17 (4) Motor vehicles required to be registered for
18 operation on the highways of this state shall be exempt from
19 payment of property taxes.

20 (5) Business and agricultural inventory shall be exempt
21 from the personal property tax. For purposes of this subsection,
22 business inventory includes personal property owned for purposes of
23 leasing or renting such property to others for financial gain only
24 if the personal property is of a type which in the ordinary course
25 of business is leased or rented thirty days or less and may be
26 returned at the option of the lessee or renter at any time and the
27 personal property is of a type which would be considered household
28 goods or personal effects if owned by an individual. All other

1 personal property owned for purposes of leasing or renting such
2 property to others for financial gain shall not be considered
3 business inventory.

4 (6) Any personal property exempt pursuant to subsection
5 (2) of section 77-4105 shall be exempt from the personal property
6 tax.

7 (7) Livestock shall be exempt from the personal property
8 tax.

9 Sec. 2. Original section 77-202, Reissue Revised
10 Statutes of Nebraska, is repealed.